

Message Text

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FM AMEMBASSY STOCKHOLM

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E.O. 11652: NXA

TAGS: EGEN, SW

SUBJ: AMERICAN INTERNATIONAL UNDERWRITERS (AIU) SEEKING GOS
PERMISSION TO EXTEND ACTIVITIES IN SWEDEN

1. LOCAL AMERICAN INTERNATIONAL UNDERWRITERS (AIU) REPRESENTATIVE, BENGT WESTERGREN, AND COMPANY'S LAWYER, GUNNAR KARLEN, PAID CALL ON EMBASSY ECONOMIC COUNSELOR ON AUGUST 30, AS FOLLOW UP TO AMBASSADOR KENNEDY-MINOTT'S VISIT IN NEW YORK WITH SHELF OF AIU ON AUGUST 4. AIU IS ABOUT TO PRESENT AN APPLICATION TO THE GOS FOR AN EXPANSION OF ITS INSURANCE ACTIVITIES IN SWEDEN. THE COMPANY HAS SOUGHT FOR YEARS TO RECEIVE PERMISSION FOR AN EXPANSION SO AS TO BRING IT MORE OR LESS INTO LINE WITH THE ACTIVITIES PERMITTED TO SWEDISH COMPANIES SKANDIA AND TRYGG-HANSA IN THE US. TO DATE THE COMPANY HAS BEEN REBUFFED BY SWEDISH AUTHORITIES ON GROUNDS THAT SWEDISH LAW REGULATING INSURANCE ACTIVITIES REQUIRES THAT THE "NEED" FOR NEW OR EXPANDED INSURANCE ACTIVITIES BE DEMONSTRATED. AIU ALWAYS FAILED THE TEST.

2. NOW, CHANGES IN THE INTERPRETATION OF SWEDISH REGULATIONS MAY HAVE TAKEN PLACE, ALLOWING AIU HOPE FOR APPROVAL OF A NEW APPLICATION, TENTATIVELY PLANNED FOR SUBMISSION IN MID-SEPTEMBER. THE FRENCH GOVERNMENT CONTROLLED INSURANCE COMPANY, UNION, RECEIVED LAST JUNE PERMISSION TO EXPAND ITS ACTIVITIES ON GROUNDS OF RECIPROCITY--I.E., SWEDISH COMPANIES IN FRANCE HAD A BROADER BASE FOR INSURANCE OPERATIONS THAN DID UNION IN SWEDEN.

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(FRENCH MINISTER OF COMMERCE HAD RAISED MATTER OFFICIALLY HERE LAST WINTER, AND PRESS SPOKE FOR A TIME OF AN "INSURANCE WAR" BETWEEN SWEDEN AND FRANCE")

3. HEARTENED BY THE APPARENT ACCEPTANCE BY THE GOS (AND THE SWEDISH INSURANCE INSPECTORATE) OF THE PRINCIPAL OF RECIPROCITY IN THE FORM OF MINISTER OF ECONOMY BOHMAN'S APPROVAL OF UNION'S

APPLICATION, WESTERLUND AND KARLEN ARE DRAFTING AIU'S NEW APPLICATION. THEY SOUGHT EMBASSY ASSISTANCE IN THE DRAFTING, AND IN PARTICULAR FOR INCLUSION OF A WRITTEN STATEMENT ALONG THE LINES THAT "THE DEPARTMENT OF STATE APPROVES THIS APPLICATION AND URGES ITS APPROVAL..." EMBASSY COUNSELOR SAID THAT HE THOUGHT IT WOULD BE OUT-OF-THE-QUESTION FOR THE DEPARTMENT OR ANY OTHER BRANCH OF THE USG TO BE MENTIONED IN THIS WAY. HE SAID THAT THE EMBASSY WOULD CERTAINLY SUPPORT THE APPLICATION BY CALLS ON APPROPRIATE GOS OFFICIALS, SINCE IT REPRESENTS A LEGITIMATE EFFORT TO EXPAND US BUSINESS IN SWEDEN, THWARTED TO DATE BY THE INTERPRETATION OF THE INSURANCE INSPECTORATE. WHATEVER THE FRENCH GOVERNMENT AND UNION HAS DONE WITH REGARD TO THE UNION APPLICATION COULD NOT BE APPLIED CARTE BLANCHE IN AIU'S CASE, COUNSELOR SAID.

4. ACTION REQUESTED: EMBASSY WOULD LIKE CONFIRMATION THAT AIU CANNOT USE NAME OF USG OR ANY OF ITS AGENCIES IN ITS APPLICATION. WOULD APPRECIATE ANY OTHER GUIDANCE WHICH WOULD BE HELPFUL IN THIS INSTANCE OF REPRESENTING US BUSINESS INTERESTS. A PROMPT ANSWER IS NEEDED TO PERMIT AIU TO MEET ITS DEADLINE FOR SUBMISSION OF MID-SEPTEMBER. WOULD LIKE ALSO TO POINT OUT THAT SHELF OF AIU IS AN IMPORTANT FIGURE ON INTERNATIONAL INSURANCE SCENE, INCLUDING PARTICIPATING IN OECD-SUPPORTED MEETINGS RELATED TO PRIVATE INSURANCE ACTIVITIES.
PERRY

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